

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 1351

Introduced by Assembly Member Levine

February 23, 2007

An act to add Article 8.5 (commencing with Section 229) to Chapter 1 of Division 1 of the Streets and Highways Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1351, as amended, Levine. Transportation: state-local partnerships.

Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in the November 2006 general election, establishes the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 in the State Treasury. The act authorizes the issuance of \$19.925 billion of general obligation bonds for various transportation purposes, including \$1 billion for the State-Local Partnership Program, to be allocated by the California Transportation Commission to eligible transportation agencies, subject to appropriation by the Legislature. Existing law requires a dollar-for-dollar match of local funds for projects funded with these bond funds.

This bill would make various findings regarding transportation infrastructure and funding in California and would state the purpose of the State-Local Partnership Program. The bill would state the intent of the Legislature to appropriate \$200,000,000 for the program from bond

funds in each of 5 fiscal years beginning in the 2010–11 fiscal year. The bill would define local funds under the program for purposes of the required dollar-for-dollar match as revenues from any locally imposed sales tax for transportation. The bill would require the commission to allocate the program funds to certain local public entities who apply to the program for funding of eligible projects, as defined, according to certain procedures and unspecified deadlines, but subject to reallocation to other projects if the applicant fails to meet various requirements for timely use of funds. The bill would require the commission to include in its annual report to the Legislature a summary of its activities related to the program, as specified. The bill would require the commission, the Department of Transportation, ~~and the State Air Resources Board, the Office of Emergency Services, and other implementing entities~~ to report annually to specified legislative committees on the status of implementing the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 8.5 (commencing with Section 229) is
2 added to Chapter 1 of Division 1 of the Streets and Highways
3 Code, to read:

4
5 Article 8.5. State-Local Partnership Program
6

7 229. The Legislature finds and declares all of the following:

8 (a) Adequate transportation infrastructure and services are
9 critical to sustaining California's prosperity as well as the necessary
10 daily activities of all Californians.

11 (b) California's current transportation infrastructure and funding
12 are inadequate to meet California's present needs, much less the
13 increased needs being created by California's continued growth.

14 (c) In November 2006, voters cast their ballots in favor of the
15 Highway Safety, Traffic Reduction, Air Quality, and Port Security
16 Bond Act of 2006 to improve our state's aging transportation
17 system.

1 (d) It is prudent and good public policy to target bond proceeds
2 in a strategic manner consistent with good planning, fiscal
3 accountability, and proven outcomes.

4 (e) Nineteen counties in California representing over 80 percent
5 of the population have passed local countywide transportation
6 sales tax measures for critically needed highway and public transit
7 needs.

8 (f) Local sales tax measures represent an essential component
9 of California's transportation funding.

10 (g) Local sales tax measures have generated over thirty-four
11 billion dollars (\$34,000,000,000) for California's infrastructure.

12 (h) Data indicates that the funds derived from those local
13 countywide transportation sales tax measures have been
14 administered efficiently and effectively to build high priority local
15 improvement projects on both the local and state transportation
16 system.

17 (i) The Highway Safety, Traffic Reduction, Air Quality, and
18 Port Security Bond Act of 2006 is a one-time infusion of
19 transportation funding designed to expedite the construction of
20 transportation projects.

21 (j) It is in the interest of the state to maximize the purchase
22 power of the Highway Safety, Traffic Reduction, Air Quality, and
23 Port Security Bond Act of 2006 by using state bond dollars to
24 leverage locally imposed sales taxes for transportation, which
25 collectively contribute three billion dollars (\$3,000,000,000)
26 annually for transportation.

27 (k) Therefore, it is the intent of the Legislature to establish the
28 purpose and criteria for the State-Local Partnership Program.

29 (l) The purpose of the program is to provide matching funds to
30 any local public entity that is administering a local sales tax
31 program for transportation.

32 (m) It is further the intent of this program to serve as an
33 incentive for a local public entity to establish a local sales tax for
34 transportation.

35 (n) The state-local partnership program is created in this article
36 to carry out the needs described in this section. The Legislature
37 intends to appropriate two hundred million dollars (\$200,000,000)
38 per year beginning with the 2010–11 fiscal year to implement this
39 program.

229.1. For the purposes of this article, the following definitions shall apply:

(a) ~~“Applicant” means either of the following:~~

(1) ~~Any local public entity that has authorized and imposed a local sales tax for transportation purposes and that has responsibility for constructing highways or public transit projects in the area where the local sales tax is imposed and administered.~~

(2) ~~Any local public entity that authorizes and imposes a local sales tax for transportation purposes during the term of the program and that has responsibility for constructing highways or public transit projects in the area where the local sales tax is imposed and administered.~~

(a) *“Applicant” means a city, county, city and county, or any local public entity that is authorized to impose a local sales tax for transportation purposes and that has responsibility for constructing highways or fixed guideways.*

(b) *“Commission” means the California Transportation Commission.*

(c) *“Department” means the Department of Transportation.*

(d) *“Eligible project” means a project for the construction of a local road, state highway, public transit facility, or the acquisition of railcars that meets the requirements of Section 229.2: state highway or exclusive public mass transit guideway improvement project.*

(e) *“Local funds” means revenues from any locally imposed sales tax for transportation.*

(f) *“Local share” means the total cost of completing the project minus any state matching funds applied for through the program and any federal funds.*

(g) *“Program” means the State-Local Partnership Program established in this article and funded pursuant to subdivision (g) of Section 8879.23 of the Government Code.*

(h) *“State share” means the amount of state funds applied for, which in no case shall exceed the local share.*

229.2. A project under this article shall meet all of the following conditions in order to be eligible to receive an allocation of program funds:

(a) The project shall be sponsored by an applicant, as defined in Section 229.1.

1 (b) The applicant shall, by *December 1, 2008*, have committed,
2 or be capable of committing, to pay the local share from funds
3 derived from a locally imposed sales tax for transportation purposes
4 to complete the project.

5 (c) The project shall have a minimum cost of twenty-five million
6 dollars (\$25,000,000).

7 (d) The applicant shall have completed, or be capable of
8 completing, all project development work so that the contracts for
9 the project can be awarded no later than ____ of the fiscal year
10 following the year in which the funds are allocated.

11 ~~(e) The local share of the project costs shall constitute at least~~
12 ~~50 percent of the total project cost.~~

13 *(e) An eligible project funded pursuant to this article shall*
14 *require a match of one dollar (\$1) of local funds, as defined in*
15 *Section 229.1, for each dollar of state funds applied for under this*
16 *article. An applicant may propose to use other funds for the same*
17 *project, including private, local, federal, or other state funds,*
18 *however, those other funds shall not be counted toward the match*
19 *required by this subdivision.*

20 229.3. A project approved under this article may be revised
21 under this section if an applicant is unable to meet its funding or
22 contract award obligations in the time required, pursuant to the
23 following procedures:

24 (a) An applicant shall submit any substitute projects by ____
25 of the fiscal year following the fiscal year the funds are returned
26 without penalty of losing its allocation.

27 (b) The department shall review applications submitted under
28 this section for consistency with the requirements of this article
29 and shall compile a list of all eligible substitute projects no later
30 than ____.

31 (c) The commission shall adopt the revised list of projects no
32 later than ____.

33 229.4. If an applicant does not meet contracting or funding
34 obligations pursuant to this article, and has not cooperated with
35 the commission to take corrective action, funds allocated to the
36 applicant under this article shall revert to the commission for
37 reallocation.

38 229.5. The commission shall include in its annual report to the
39 Legislature, required by Section 14535 of the Government Code,
40 a summary of its activities related to its administration of the

1 program. The summary shall, at a minimum, include a description
2 and the location of the projects contained in the program, the
3 amount of funds allocated to each project, the status of each project,
4 and a description of the mobility improvements the program is
5 achieving.

6 ~~229.6. (a) The Assembly Committee on Transportation, Senate~~
7 ~~Committee on Transportation and Housing, Assembly Budget~~
8 ~~Subcommittee Number 5 on Information~~
9 ~~Technology/Transportation, and the Senate Budget and Fiscal~~
10 ~~Review Subcommittee Number 4 on State Administration, General~~
11 ~~Government, Judicial and Transportation shall annually hold a~~
12 ~~joint legislative hearing on the status of the implementation of the~~
13 ~~Highway Safety, Traffic Reduction, Air Quality, and Port Security~~
14 ~~Bond Act of 2006.~~

15 ~~(b) During these hearings, the commission, the department, the~~
16 ~~State Air Resources Board, and other key implementing entities~~
17 ~~shall report on the use of bond funds and the timeliness of project~~
18 ~~delivery milestones.~~

19 *229.6. The appropriate policy committees and budget*
20 *subcommittees of the Assembly and Senate shall annually hold a*
21 *joint legislative hearing on the status of the implementation of the*
22 *Highway Safety, Traffic Reduction, Air Quality, and Port Security*
23 *Bond Act of 2006. During these hearings, the commission, the*
24 *department, the State Air Resources Board, the Office of*
25 *Emergency Services or its successor entity, and other key*
26 *implementing entities shall report on the use of the bond funds*
27 *and the timeliness of the project delivery milestones.*